

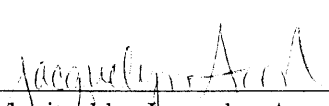


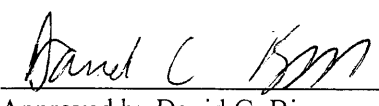
City of Carson

Report to Redevelopment Agency

November 1, 2011
New Business Discussion

SUBJECT: REVIEW AND DISCUSSION OF THE FY 2011/12 REDEVELOPMENT AGENCY BUDGET


Submitted by Jacquelyn Acosta
Administrative Services General Manager


Approved by David C. Biggs
Executive Director

I. SUMMARY

Presented for the Agency's consideration are the updated five-year budget projections for the Carson Redevelopment Agency. While the State Supreme Court has yet to make a final decision on AB 1X 26 and AB 1X 27, staff's projections are based on the fact that the Agency Board has made the decision to continue to operate the Carson Redevelopment Agency. For now, the Agency is operating under the legislation's new restrictions. Therefore, this proposed budget is based on the worst case scenario, which is that the State Supreme Court upholds AB 1X 26 and AB 1X 27 as valid legislation. If AB 1X 26 and AB 1X 27 are overturned, the financial status of the Agency could improve by as much as \$23M over the next five years.

II. RECOMMENDATION

REVIEW and DISCUSS.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Since January 2011 when Governor Brown first proposed the elimination of redevelopment agencies, the state of affairs for redevelopment agencies across the state has been in constant flux. The bills that were ultimately passed call for either: 1) the agencies to be eliminated and remaining agency funds to be administered by oversight agencies (AB 1X 26), or 2) for cities to retain control of their redevelopment agencies after making significant "ransom" payments to the state for the privilege of remaining operational (AB 1X 27).

Based up on the worst case scenario, staff has prepared the updated 5-year budget projections for the Carson Redevelopment Agency. These projections cover the current fiscal year (FY 2011/12) and the subsequent four fiscal years (FYs 2012/13 through 2015/16). These 5-year budget projections include all estimated revenues and projected expenditures (known at this time), including

the capital projects approved in the 5-year Capital Improvement Program (CIP) and any recently-approved projects. There are two budgets presented, one for the Capital Projects Fund - Combined Project Area (all three former project areas were merged last year (see Exhibit No. 1)) and one for the Low/Mod Income Housing Fund.

For purposes of this workshop, the updated 5-year budget projections illustrate the entire “ransom” payment for FY 2011/12 being paid from the Capital Projects Budget. State law permits the Redevelopment Agency to elect to pay a portion of the FY 2011/12 “ransom” payment with the property tax increment which would otherwise flow to the Low/Mod Income Housing Fund for FY 2011/12 only. While we are still evaluating this option, staff anticipates recommending that we pay \$5.7M of the \$11.7M “ransom” payment for FY 2011/12 with the Low/Mod Income Housing 20% set-aside funds in order to minimize the impact on the Agency’s on-going blight elimination activities funded through the Capital Projects Budget.

Capital Projects Budget (Exhibit No. 2)

For FY 2011/12, it is anticipated that \$28.9M of tax increment revenue will be generated in the Capital Projects Fund. Additional revenues are projected to include \$632K in interest earnings, \$102K in interest on loans receivable, \$5M in land sale proceeds, \$500K in loan repayments, and \$77K in other income. Therefore, total revenues for the Capital Projects Fund for FY 2011/12 are estimated to be approximately \$35.2M.

Total expenditures for FY 2011/12 in the Capital Projects Fund are budgeted at \$72.9M. This total includes operating expenditures (mandatory costs) of \$40.1M and \$32.8M of project expenditures. Operating expenditures (mandatory costs) include items such as staff costs, administrative costs, the required 20% set-aside for low/mod housing, the required “ransom” payment due under AB 1X 27, debt service payments, pass-through payments, the annual reimbursement to the general fund and required Owner Participation Agreement (OPA) and/or Disposition and Development Agreement (DDA) payments. Because this budget is prepared as a worst-case scenario, staff has projected a 10% reduction in the Agency transfer to the general fund for each subsequent year beginning in FY 2012/13. This is done for two reasons: 1) as costs go up each year due to the continuing “ransom” payments required by the state, less money will be available to fund this annual transfer, and 2) to help the general fund become less dependent on this funding source so that in the future when the Agency time limits become effective, the general fund won’t be as negatively impacted. Staff costs of \$3M cover the salary and benefit costs for the 23.06 full-time positions that are charged to the Combined Project Area. In total, 28.05 full-time positions are directly charged to the Redevelopment Agency.

Administrative costs of \$2.4M are estimated to be needed for FY 2011/12 to cover the cost of legal fees, consultants, administrative fees paid to the county of Los Angeles, office supplies, rental fees for the Agency offices, and other day-to-day operating costs. Additional operating expenditures budgeted include \$5.8M for the required 20% set-aside to the Low/Mod Income Housing Fund, \$1.3M for required pass-through payments, \$12.1M for debt service payments on the outstanding bonds, \$11.7M for the required “ransom” payment to the state, \$3.3M for the annual reimbursement to the general fund, \$2K for the annual transfer to the equipment replacement fund, and \$500K for the payments required under the OPA with IKEA.

The \$32.8M in FY 2011/12 project expenditures is budgeted for a number of development, infrastructure, and city facilities projects. These projects are shown on Exhibit No. 2. The development projects include projects such as public improvements for the Carson Street Master Plan, developer assistance for possible new restaurants, commercial rehabilitation projects, and developer assistance for brownfields projects.

The infrastructure projects include projects such as the Avalon at the I-405 freeway interchange improvements (Project No. 921), the Wilmington Avenue at the I-405 freeway interchange improvements & the 223rd Street and Wilmington Avenue intersection improvements (Project No. 919), Broadway Street Improvements from Main to Griffith (Project No. 839), Sepulveda/Alameda bridge widening (Project No. 675), street improvements on 223rd Street from Lucerne to Alameda (Project No. 1003), Sepulveda Blvd. reconstruction from Main to Avalon (Project No. 695), 163rd Street, Ball Avenue and Anelo Avenue Improvements (Project No. 847), 168th Street storm drain (Project No. 845), the Gardena Blvd. storm drain from Main to Avalon (Project No. 844), and other smaller projects.

The city facilities projects included in the budget encompass such projects as the second phase of the roof replacement project at the Juanita Millender-McDonald Community Center, including the installation of solar panels, as well as major refurbishments and upgrades at the center (Project Nos. 998, 1318 and 1317), the renovations to the Carson Sheriff’s Station (Project No. 1256), the improvements at Hemingway Park (Project No. 1306), the roof replacement project at Hemingway Park (Project No. 1331), and the major improvements at Carson Park (Project No. 1223), the development of Reflections Park (Project No. 1327), and the Teen Center project with LAUSD and the Boys & Girls Clubs of Carson.

Based on the estimated revenues and expenditures for this fiscal year, the Capital Projects fund balance at June 30, 2012, is projected to be \$46.6M. Considering all the projects currently scheduled for this fiscal year and the subsequent fours

year, the Capital Projects fund balance at June 30, 2016, is projected to be \$10.6M.

Low/Mod Income Housing Fund (Exhibit No. 3)

The Low/Mod Income Housing Fund receives its primary funding from the mandatory 20% of gross tax increment revenues received in the Capital Projects Fund that must be set-aside for low and moderate-income housing. Other revenues in the Low/Mod Income Housing Fund can come from interest earnings, program income, land sale proceeds and proceeds from the issuance of bonds.

For FY 2011/12 20% of the Redevelopment Agency's gross tax increment is anticipated to be \$5.8M. Additional revenues to be generated in the Low/Mod Income Housing Fund this year include \$273K in interest earnings, \$90K in interest on loans receivable, and \$75K in loan payoffs. Therefore, total revenues for the Low/Mod Housing Income Fund for FY 2011/12 are estimated to be approximately \$6.2M.

Total expenditures for FY 2011/12 in the Low/Mod Income Housing Fund are budgeted at \$13.3M. This total includes operating expenditures (mandatory costs) of \$4.3M and housing project costs of \$9M. Operating expenditures include items such as staff costs of approximately \$565K that cover the salary and benefit costs for the 4.99 full-time positions that are charged to this fund, \$192K for administration, \$247K for the annual reimbursement to the general fund, \$194K for ongoing rental subsidy commitments, and \$3.1M for debt service on the bonds issued in FY 2010/11. Those bonds proceeds of \$32.7M will be the primary source of funding housing projects over the next five years.

The \$9M of FY 2011/12 housing project costs include \$500K for the first time homebuyers program, \$379K for relocation and demolition costs, \$6.1M for affordable housing projects and \$2M for trailer park acquisition and redevelopment. These housing projects are shown on Exhibit No. 3. Based on the estimated revenues and expenditures for this fiscal year, the Low/Mod Income Housing fund balance at June 30, 2012, is projected to be \$29.3M. Considering all the projects currently anticipated in this fiscal year and the subsequent four year, the Low/Mod Income Housing fund balance at June 30, 2016, is projected to be \$7.5M.

Work Program and Goals (Exhibit No. 4)

California Redevelopment Law, Section 33606, stipulates, among other things, that when adopting an agency's annual budget, the budget shall contain the following: the work program for the coming year including goals and an examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program. Exhibit No. 4

provides this required information.

V. FISCAL IMPACT

None at this time.

VI. EXHIBITS

1) Project Area Map. (pg. 6)

2) Agency work plans, goals, and accomplishments. (pgs. 7-15)

Under separate cover:

3) FY 2011/12 Proposed Capital Projects Budget. (pgs. 16-21)

4) FY 2011/12 Proposed Low/Mod Income Housing Fund Budget. (pgs. 22-25)

Prepared by: Jackie Acosta, Administrative Services General Manager

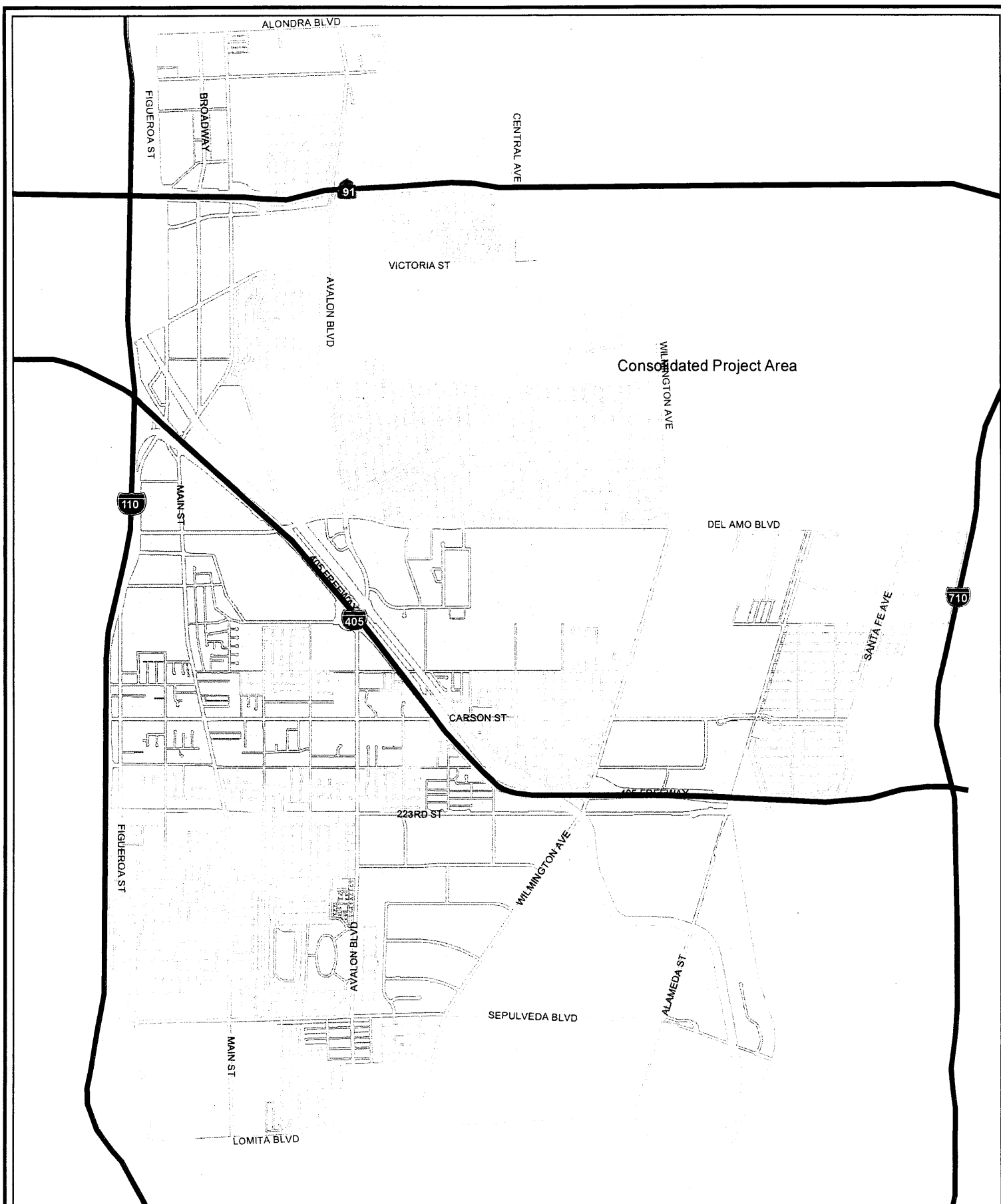
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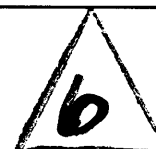
City Clerk	City Treasurer
Administrative Services	Development Services
Economic Development	Public Services

Action taken by Redevelopment Agency

Date_____ Action_____



City of Carson EXHIBIT NO. 01
 Consolidated Project Area
 Carson Redevelopment Agency



CARSON REDEVELOPMENT AGENCY WORK PROGRAM AND GOALS FY 2011/12

WORK PROGRAM

The Agency implements projects to eliminate blight and facilitate economic growth through its annual work program, which is a product of its goals and objectives. The following is a summary of the Agency's work program for FY 2011/12:

1. Open Space and Public Improvements

This program addresses deficiencies in the infrastructure and public service facilities in order to encourage private sector investment that will in turn eliminate blighting conditions. Projects may include: the creation of parks and pocket parks; street and streetscape improvements, including sidewalks, curbs and gutters; repair and undergrounding of utilities; construction or rehabilitation and upgrading of public facilities and buildings (such as police, fire, park, library, public health, educational and/or other); alley paving; and public parking improvements.

Specific Programs or Projects Anticipated:

Street Reconstruction

Avalon Boulevard/I-405 Freeway Interchange Improvements

Installation of City Entry Monuments

Carson Sheriff's Substation Rehabilitation

Teen Center

Traffic Improvements – 223rd and Wilmington Avenue

Widening of Northbound off-ramp at Wilmington Ave./I-405 Freeway Interchange

Dominguez Channel Study

Reflections Park

Blighting Conditions Addressed:

This program addresses deficiencies in the Project Area infrastructure and public service facilities, which will make the Project Area more attractive and desirable for private sector investment.

2. Commercial Corridor Revitalization Program

This program is designed to encourage the restoration, modernization, and improvement of commercial corridors in order to enhance the attractiveness and viability of existing and/or new commercial areas. The improvements will address building and lot conditions

that have been impaired by defective design, substandard design, and unsafe or unhealthy conditions resulting from deterioration. In some instances, small and irregular parcels may need to be assembled in order to eliminate parcels of irregular shape and inadequate size in multiple ownership. Programs and projects may include acquisition and assembly of properties within commercial nodes and along commercial corridors; commercial façade rehabilitation; workforce development and training; street median rehabilitation; gateway signage; and code enforcement.

Specific Programs or Projects Anticipated:

Commercial Façade Program

Carson Street Master Plan Implementation

Land Acquisition and Site Assembly

El Camino Business Park, adjacent 14-acre site, and others

SWC Main Street and 220th Street Commercial Property Redevelopment

Main Street Rehabilitation and development from Del Amo Blvd. to 213th Street

I-110/I-405 Freeway Mixed-Use Project

Carson City Center Mixed-Use Project

2535-2569 E. Carson Street Development Site

542-616 E. Carson Street Development Site

615 E. Carson Street Development Site

415-437 E. Carson Street Development Site

21521 Avalon Boulevard Development Site

SEC Torrance Boulevard and Main Street Development Site

21227-21237 Figueroa Street Development Site

600 W. Carson Street and Figueroa Street Development Site

SEC Carson Street and Figueroa Street Development Site

2666 Dominguez Street and Prospect Avenue Development Site

2403 E. 223rd Street

Blighting Conditions Addressed:

This program will address the elimination of blighting conditions resulting from defective design, substandard design, deterioration, and dilapidation of commercial structures. Commercial revitalization impacts both physical deterioration, such as the need for exterior renovations or rehabilitation or the need to acquire and combine parcels, and economic conditions such as impaired investments or high vacancies. A more successful commercial area will naturally generate employment opportunities. The specific blighting conditions impacted will be dependent upon opportunities presented and the public and private participation in the various components of the program. This program will address functional and economic obsolescence, the need to optimize the use of vacant or underutilized parcels, and to correct conditions such as defective design through monetary support of private improvement efforts.

3. Economic Development Program

This program will focus on the retention of existing businesses and attraction of new businesses to the major corridors of the Project Area. Through participation in the form of land write-downs, land assembly, relocation, payment of relocation benefits, and off-site improvements, the Agency intends to encourage developers or property owners to develop vacant, underutilized, substandard or deteriorated properties. A key objective of the program is to reduce business failure and turnover in the Project Area.

Specific Programs or Projects Anticipated:

Development Assistance
Business Attraction
Business Retention
Business Development Loans
Workforce Development and Training
Auto Dealership Retention and Expansion
South Bay Pavilion Improvements
Watson Land Company Gateway at Carson

Blighting Conditions Addressed:

This program will address the high rates of business failure and turnover. Business failure and high turnover leads to high vacancy rates that negatively impact adjacent areas. New investments and economic opportunities will be encouraged through a combination of general improvements in the area's appearance and business assistance programs, including rebates and loans for new and existing businesses.

4. Neighborhood Enhancement Program

This program includes a variety of activities to improve residential areas, including: rebates and loans for improvement of deteriorated residential properties; security enhancements; graffiti removal; and homeownership incentives. The residential building stock will be improved by eliminating deterioration, dilapidation, and deferred maintenance. The stability of the neighborhoods will be improved through exterior improvements of existing properties and increased homeownership, both of which will also improve property values.

Specific Programs or Projects Anticipated:

Neighborhood Stabilization Program
Neighborhood Pride Program
Homes and Garden Improvement Program
Community Development Block Grant Program
First-Time Home Buyer Program
Code Enforcement



Blighting Conditions Addressed:

The Neighborhood Enhancement Program addresses physical blight such as deterioration, dilapidation, and deferred maintenance. Additionally, new investments and home ownership opportunities will be encouraged through a general improvement in the appearance of Carson neighborhoods and through first-time home buyer programs.

5. Hazardous Materials Remediation Program

This program provides funding to remediate sites contaminated with hazardous materials. In addition to tax increment, the Agency has and will continue to seek and use a variety of funding sources for remediation activities including EPA Brownfield Revolving Loan Funds and HUD Brownfield Economic Development Initiative Grants.

Specific Programs or Projects Anticipated:

Brownfield Cleanup Loans
Cal Compact Site – Remediation and Redevelopment
21208 Shearer Street Pocket Park Site
2666 E. Carson Street Demolition
Exclusive Negotiating Agreement with Rand
BEDI Grant
Section 108 Loan

Blighting Conditions Addressed:

This program eliminates environmental deficiencies in the Project Area. By funding the elimination of hazardous waste contamination, the Agency will support the development and reuse of contamination sites by the private sector.

AGENCY GOALS FOR FY 2011/12

The Agency's objectives are to eliminate blighting conditions and to facilitate economic growth in the Project Area. The Agency's goals for the elimination of blight and for economic growth are:

Goal Number 1: The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including: environmental remediation, removal or renovation of buildings within which it is unsafe or unhealthy for persons to live or work, reconciliation of incompatible and uneconomic land uses and the consolidation of small and irregular lots.

Goal Number 2: The assembly of land in the Project Area into parcels suitable for modern integrated development, with improved pedestrian and vehicular circulation.

Goal Number 3: The re-planning, redesign and redevelopment of portions of the Project Area to enhance the image of each, to create a sense of identity, and to address areas that are stagnant or improperly utilized.

Goal Number 4: The strengthening of the economic base of the Project Area and the community by the installation of needed on-site or off-site improvements to stimulate new residential, commercial and industrial expansion, employment, and socio-economic growth.

Goal Number 5: The establishment and implementation of performance criteria to assure high design standards and environmental quality, together with other high quality design elements that provide unity and integrity within the Project Area.

Goal Number 6: The improvement of the community's supply of housing, particularly affordable housing available to low and moderate income persons and families, with an emphasis on home ownership.

COMPARISON OF FY 2010/11 AGENCY ACHIEVEMENTS WITH FY 2010/11 GOALS

The Agency's goals for the previous fiscal year were virtually the same as those of the current fiscal year. Goals are modified or change as they are achieved or as new issues become more prominent or require more immediate solutions. The following is a representative comparison of achievements with goals for FY 2010/11 upon review of that fiscal year's work program.

Goal Number 1: The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including: environmental remediation, removal or renovation of buildings within which it is unsafe or unhealthy for persons to live or work, reconciliation of incompatible and uneconomic land uses and the consolidation of small and irregular lots.

Achievements

- The Agency established a Carson Consolidated Project Area-wide brownfields document data base of all environmental documents within the project area. All documents are accessible via computer program.
- The Agency demolished three structures and ancillary site improvements using funds from an EPA grant for environmental clean-up at 2535 E. Carson Street. The city was the recipient of the grant and the Agency was the sub-recipient. The



site has since been approved for an affordable 12-unit, single family detached residential project.

- Agency staff began, and continues to pursue with good results, federal legislation for loan guarantees in connection with various aspects of brownfields remediation.
- Agency staff sought state legislation for Carson to be allowed to extend the life of a particular subarea of the Carson Consolidated Project Area. The area contains 93 acres of well situated, though environmentally impacted, property known as the I-110/I-405 mixed use project site. That portion of the project area expires in 2014 and at that time the Agency will be unable to assist in remediation, land assemblage or relocation in connection redevelopment. Unfortunately, the legislation didn't make it before the State ceased such activity in February 2011.

Goal Number 2: The assembly of land within the Project Area into parcels suitable for modern integrated development, with improved pedestrian and vehicular circulation.

Achievements

- The Agency caused the vacation of a portion of Gardner Street, where it intersects with Shearer Street, in connection with the Agency's development of a passive park at 21208 Shearer Street. A portion of the vacation added land to that of the park project and cleaned up and formalized a situation where a portion of Gardner Street ran through the yard of an adjacent home owner.
- After purchasing the 1.0-acre site at 2535 E. Carson Street, the Agency did a lot split at the western portion of the property. The former owner had purchased that portion of the site from the city and inadvertently acquired a portion of the public right-of-way (Carson Street) in the transaction. The Agency's lot split (actually a number of lots) cured the problem by deeding back the right-of-way area to the city, thus creating a developable lot for an affordable residential project.
- The Agency acquired four residential properties, totaling approximately 26,000 square feet, on the west side of Prospect Avenue with the intention of combining them with the contiguous 1.0-acre former Dominquez trailer park at 2666 Dominguez Street, to create a more developable residential site. The Agency then demolished the homes and assisted with closure of the trailer park. Future plans include merging the lots into one and solicitation of developers via a request for proposal process.

Goal Number 3: The re-planning, redesign and redevelopment of portions of the Project Area to enhance the image of each, to create a sense of identity, and to address areas that are stagnant or improperly utilized.

Achievements

- The Agency undertook the initial task of implementing the reconfiguration of driving and parking areas and a new landscape program along Carson Street by engaging a design firm to draft the plans for same. This is a part of the implementation of the Carson Street Master Plan, adopted in 2006, which delineates design guidelines and implementation strategies for the 1.7 mile stretch between the I-110 freeway on the west and the I-405 on the east.
- The Agency extended, for one year, an exclusive negotiating agreement (ENA) with a developer to develop a regional sports complex at or nearby the I-110/I-405 mixed use project site. The developer continued to talk with major league sports franchises as well as continually refine architectural concepts for the project. Agency staff continued to monitor his progress per the terms of the ENA.
- The Agency undertook the redevelopment of a 16,000 square foot brownfields site into a neighborhood passive park at 21208 Shearer Street. The site is located in the center of an established single family residential neighborhood. The Agency had owned the property for more than 25 years and decided to remediate it for sale for housing development. When the cost of remediation to residential levels was determined to be too costly, Agency staff pursued and obtained a “no further action” letter from the Regional Water Quality Control Board that would allow development of a passive park on the site. The Agency then hired a qualified landscape architect to design the site, which has been named Reflections Mini-Park. The park design was completed and the construction work bid. Construction of the park began in FY 2011/12.

Goal Number 4: The strengthening of the economic base of the Project Area and the community by the installation of needed on-site or off-site improvements to stimulate new residential, commercial and industrial expansion, employment, and socio-economic growth.

Achievements

Representative achievements that utilized Agency tax increment funds for all or part of the project pursuant to Goal Number 4 are as follows:

- Avalon Blvd./I-405 Freeway interchange modification.
- Wilmington Ave./I-405 Freeway interchange modification.
- 223rd Street Improvements (Lucerne St. to Arco Way)

- Congresswoman Juanita Miller-McDonald Community Center improvements, including: roof and HVAC replacements Phases II and III; installation of roof mounted solar panels; and general refurbishment and upgrade.
- Carson Park Master Plan – project design and bidding for new gymnasium.

Goal Number 5: The establishment and implementation of performance criteria to assure high design standards and environmental quality, together with other high quality design elements that provide unity and integrity within the Project Area.

Achievements

- The Agency created and continues to refine the Commercial Façade Improvement Program. The CFIP established a baseline set of design criteria for upgrading privately owned commercial storefronts within the Project Area. Using tax increment and CDBG funds, staff works with commercial and retail building owners, helping them through the design process and funding for all or part of the upgrade of the storefronts.
- The Agency hired a professional design firm to redo the Agency signs which are placed on all Agency-owned property to give a more pleasing look to an otherwise banal appearing sign. Signs are kept clean and free of graffiti.
- The Agency created a new look for the property it owns. It has replaced the typical hurricane/chain link fencing with a white post and rail fence system. The new fence system offers a somewhat bucolic appearance to what used to be a more depressed, urban look and feel due to what could be an unsightly temporary metal fence.

Goal Number 6: The improvement of the community's supply of housing, particularly affordable housing available to low and moderate income persons and families, with an emphasis on home ownership.

Achievements

The following projects represent the Agency's improvement of the community's supply of affordable housing:

- 415-437 E. Carson St. – A 64-unit affordable (very low, low and moderate) multi-family residential project – under construction.
- 708 E. Carson St. – Phase I and Phase II of City Center Mixed-use Project; Phase I is an 86-unit affordable senior citizen apartment project, with retail space on the ground floor. Phase II is a 150-unit market rate condominium/rental project with

retail space on the ground floor. Both phases include below grade and on grade parking – Phase I complete, Phase II under construction.

- 616 E. Carson St. – A 154-unit market rate, with 15% inclusionary affordable units, mixed-use project. There will be three residential types: condominium, town home and single family detached homes. The condominiums will front Carson Street and be above 13,000 square feet of retail space. On the interior will be the town homes and single family detached homes. There is a DDA in place with start date of March 2012.
- 2535-2569 E. Carson St. – A 12-unit affordable single family detached residential project. There is a DDA in place with a start date of February 2012.
- 21227 Figueroa St. – A 44-unit affordable (very low, low and moderate) multi-family residential project. There is a DDA in place; start date estimated to be early Fall 2012.